

## Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 SSO-00

NSCE-00 INRE-00 USIE-00 /069 R

DRAFTED BY EB/IFD/ODF:CKSTOCKER:CU

APPROVED BY EB/IFD/ODF:RSGELBARD

AF/W:HWALKER

TREAS:BZINMAN

IBRD:HREYNOLDS

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O 182049Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS IMMEDIATE

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E.O. 11652:N/A

TAGS: EFIN, IBRD, NI

SUBJECT:IBRD PALM OIL LOANS TO NIGERIA

1. THE BOARD OF DIRECTORS OF THE IBRD ON JUNE 17 APPROVED THREE PALM OIL LOANS TOTALLING DOLS. 55 MILLION FOR NIGERIA. THE U.S. EXECUTIVE DIRECTOR (ED) WAS UNDER INSTRUCTIONS TO CONCUR IN APPROVAL OF THE LOANS MAKING NO STATEMENT. DURING THE COURSE OF THE EXTENDED DISCUSSION ON THESE PROJECTS AND ON LENDING TO OPEC COUNTRIES IN GENERAL, SOME OTHER DIRECTORS QUESTIONED THE MAGNITUDE OF LOANS AND THEIR APPROPRIATENESS AS VEHICLES FOR TECHNICAL ASSISTANCE. MCNAMARA DEFENDED CONTINUED BANK LENDING TO NIGERIA WHILE ACKNOWLEDGING THAT THERE SHOULD BE OFFSETTING BOND PURCHASES BY THE FMG. GIVEN THIS DISCUSSION ON IMPORTANT GENERAL

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POLICY ISSUES THE U.S. ED FELT IT WOULD BE UNWISE TO REMAIN SILENT AND SO MADE THE FOLLOWING STATEMENT.

2. QUOTE: MR. CHAIRMAN: I SUPPORT THESE LOANS, AND I THINK THE PROJECTS ARE GOOD ONES. AT THE SAME TIME, I ALSO SHARE TO A VERY CONSIDERABLE DEGREE SOME OF THE CONCERNS AND THOUGHTS EXPRESSED BY OTHER DIRECTORS ON THE GENERAL QUESTION OF THE APPROPRIATE LEVEL OF LENDING TO COUNTRIES, LIKE NIGERIA, WHOSE DEVELOPMENT PROGRAMS AND EFFORTS ARE CON-

STRAINED NOT BY SCARCITY OF FINANCIAL RESOURCES BUT BY AB-

SORPTIVE CAPACITY LIMITATIONS. I DO THINK THIS REMAINS AN AREA OF REAL DIFFICULTY FOR US, AND IS ONE WHICH, AS YOU JUST SAID YOURSELF, REQUIRES THOUGHT AND ATTENTION ON A CONTINUING BASIS. CERTAINLY, IT DOES BY THE BANK FROM THE STANDPOINT OF BEING ASSURED THAT ITS RESOURCES ARE BEING USED IN THE BEST POSSIBLE MANNER TO MEET THE NEEDS OF THE DEVELOPING COUNTRIES. FOR EVERY LOAN WE MAKE, EVEN IF IT IS OFFSET BY BOND PURCHASES, ENCUMBERS THE BANK'S CAPITAL STRUCTURE AND LENDING AUTHORITY. I THINK THE ISSUE ALSO REQUIRES CAREFUL THOUGHT FROM THE STANDPOINT OF NIGERIA AND COUNTRIES SIMILARLY SITUATED. FOR THEY MAY WELL PAY MORE TO SERVICE LOANS FROM THE BANK THAN THEY CAN EARN ON THEIR EXTERNAL SURPLUSES ACCUMULATED IN EXCESS OF PRESENT REQUIREMENTS FOR FINANCING DOMESTIC INVESTMENT PROGRAMS. THUS, I THINK THE QUESTION REQUIRES THOUGHT ON BOTH SIDES. THANK YOU. END QUOTE.

3. IMMEDIATELY AFTER THE MEETING, THE U.S. ED SPOKE TO THE SUDANESE ED WHO REPRESENTS NIGERIA TO EXPLAIN THAT HIS COMMENTS WERE DIRECTED AT IMPORTANT GENERAL POLICY ISSUES. HE EMPHASIZED HE WAS IN NO WAY SINGLING OUT NIGERIA. THE SUDANESE ED SAID HE UNDERSTOOD AND APPRECIATED HIS COMMENTS. THE NIGERIAN TECHNICAL ASSISTANT IN THE SUDANESE ED OFFICE WAS PRESENT AND MAY ALSO REPORT TO THE FMG. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, TECHNICAL ASSISTANCE, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Office:** ORIGIN EB  
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**Original Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
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**Status:** NATIVE  
**Subject:** BRD PALM OIL LOANS TO NIGERIA  
**TAGS:** EFIN, NI, IBRD  
**To:** LAGOS  
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